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Briefly Speaking

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Wages in general are higher in export industries than in "protected" ones. A recent study of the wages paid in a group of representative export industries having little or no tariff "protection" and in a similar number of highly "protected" industries reveals that in 1929 the average annual wage per worker paid in the former group (that is, in the export industries) was \$1,603, in the latter group (that is, in the "protected" industries) was \$1,025. In 1933 when wages had fallen, the export industries were paying \$1,070, and the protected group but \$716. In 1935, the average wages of the two groups were \$1,364 and \$827 respectively.

It is also to be remembered that of the workers gainfully employed in the United States only about one-sixth or one-seventh are engaged in branches of production leaning upon tariff "protection."—*Department of State Press Release.*

With respect to foreign (cotton) production, we may raise the question as to what volume of foreign production might one have expected by 1937, if the 50-year pre-war trend were projected. That trend indicates a crop in 1937 of about 19 million bales and this is actually what the Department of Agriculture reports the total of foreign production for that year to have been. In other words, judging from merely the pre-war rates of expansion, foreign production could have been expected to expand so as to approximately equal the United States crop by 1937 and it did.

Foreign production has usually expanded after industrial depressions. Thus in the 5 years after 1878 foreign production increased about 90 percent in the 5 years after 1885 about 50 percent; and in the 5 years after 1920, about 60 percent. The increase in the 5 years after 1932 of about 75 percent is not materially out of line with those earlier recoveries. The other fact suggested by these trends is that with a slowing down of the rate of increase in the United States after 1937 and a continued uniform rate of expansion in the foreign countries, larger total foreign crops than United States crops would be the normal thing. This raises the question as to the validity of the argument that it was

primarily the A. A. A. programs that stimulated foreign production to its high level.

The final observation that may be made on the basis of this long record is that large crops in the United States have had very little effect in checking foreign acreage expansion. Since 1870 we have had 19 record crops, each larger than the one before it, and in all but 4 of these instances, total foreign cotton acreage instead of being reduced actually increased after each of our record crops. In other words, the experience of the South has been that the effect of a large volume of American cotton at comparatively low prices has usually been more than offset by many other factors making for foreign expansion.

Apparently foreign production especially in the newer countries has responded more to other factors than volume and low price competition from American cotton.—*L. H. Bean, Economic Adviser to Secretary of Agriculture.*

Big Cotton Crops in U. S. Fail To Curb Foreign Gains.

From 1932 to 1936, farm income increased 3 billion 723 million dollars. In the same period, rural retail merchants and mail order houses together increased their sales 3 billion 565 million dollars. Farm income and sales to rural families went up together. Every dollar added to the farmer's pocket meant another dollar in the merchant's cash register. * * *

Industrial production is now one-third less than a year ago. But prices of industrial products have been held fairly rigid while farm prices have declined. Prices of city goods are almost as high as they were a year ago. Farm prices have gone down on the average 25 percent. This lack of balance has slowed up business and has retarded industry.—*H. R. Tolley, Administrator A. A. A. in National Farm and Home Hour Talk.*

American tobacco growers last year received a cash income of \$318,563,000, the largest since 1919, the Bureau of Agricultural Economics reported yesterday. The income compared with \$242,041,000 in 1936, with \$115,219,000 in 1932 and with the record of \$499,885,000 in 1919.—*Daily Digest, U. S. Department of Agriculture.*

The fact that the average cotton farm produced nine bales of cotton this year which sold for about \$40 per bale, giving \$360 as a gross income to be divided between landlord and tenant and to pay the cash expenses of production, taxes, interest, and living expenses for a family of four to five persons for a year, may all seem foreign. However, the movement of the cotton textile industry and of other industries to the low wage areas of the Cotton Belt is a vital problem to many of you. Behind this movement is the low income of cotton farmers. To cotton farmers the wage rates of southern industry are attractive. So long as the income from cotton production remains low, farm wage rates in the South must remain low and low-paid farm laborers will continue to press for employment in southern industry. Unless cotton production can be made more profitable, it will be difficult to protect wage rates and manufacturing plants in other parts of the country.—*Lawrence Myers, Chief Marketing Section, A. A. A.*

Low Income Low Wages.

The problem facing American wheat growers this fall likely will be to adjust their farming operations for 1939 so as to bring their seeded acreage from 80,000,000 acres down to about 55,000,000 acres in a single year.

Cut in Wheat Acres Is Seen As Necessary.

As wheat farmers will recall from their experiences in 1930, 1931, and 1932, excessive supplies and carry-overs of wheat mean low prices and congested markets. Moderate reserves held as premiums by the Federal Crop Insurance Corporation, or held in any other way which would keep the wheat off the market, might reduce the pressure from a moderate surplus. But excessive surpluses such as are indicated for 1938 will result in lower prices no matter what policy is followed.

When United States wheat farmers seed 80,000,000 acres, they are, in effect, saying to the rest of the world that the United States is making a definite effort to get an unusually large share of the world export market, regardless of price.

The parity price in April 1938 was \$1.15, and 52 percent of that price is 60 cents. The average domestic consumption and exports for the 10 years 1928-37, inclusive, was 752,000,000 bushels.

Efforts to increase the per capita consumption of white bread have not produced measurable results. Increases in the amount of wheat fed to livestock can be expected only when prices are low.

If prices are maintained above world levels for all of our wheat available for sale, surpluses tend to pile up in the United States and to depress prices in future years. On the other hand, if prices are allowed to descend to world levels at times when the wheat markets in other countries are demoralized, the cash return to

American wheat growers is inadequate. In order for our wheat growers to dispose of excess supplies abroad, and at the same time to receive an income which will enable them to maintain a fair standard of living and to purchase the products of American factories, it is apparent that farmers need additional income on the domestically consumed portion of their wheat crop.

The Agricultural Adjustment Act of 1938 contains provisions which wheat farmers can use in working out their problems.

What courses of action are open to the individual farmer who wants to cooperate in this adjustment?

(1) He can face the wheat situation realistically by seeding within his wheat acreage allotments for 1939.

(2) He can help maintain exports by supporting a reasonable loan policy which does not peg United States prices above world prices and so does not build up a new surplus in the United States.

(3) He can insure his wheat in the Federal Crop Insurance Corporation. This will help to stabilize his own operations, and it will put part of the wheat surplus in the insurance reserve where it will not be a threat upon the wheat market.

(4) If marketing quotas are necessary in 1939, and are voted for by wheat producers, he can give these quotas a fair trial. He can explain to his neighbor that quotas are for the good of all, and that, with quotas, noncooperators as well as cooperators have to carry their share of the surplus.

(5) He can conserve his soil, building up the acres not in wheat so as to give him an ever-normal granary of fertility in the soil as well as a reserve in his bins.—*What About Wheat This Year and Next?—A. A. A. bulletin.*

In 1932 American producers of Cheddar cheese enjoyed 99.8 percent of the domestic market. But at that time Cheddar was selling for only 10 cents a pound, and the gross income of the industry was but \$37,000,000. In 1936, after the Canadian trade agreement had come into force, some Canadian cheese came across the border, so that the share of American producers in the American market was reduced to 97.8 percent. But Cheddar consumption rose to an all-time high, and Cheddar prices rose to an average of 15.3 cents. The gross income of the industry in the United States increased to over \$75,000,000. In 1937 it was about the same.—*Department of State Press Release.*

Total production of potatoes for all of the early States is indicated at 28,562,000 bushels, against 29,845,000 bushels in the spring of 1937, but this is still nearly 10 million bushels more than the 10-year average production for this area. Because of the earliness of the season and the sharp decline in prices to date, it is likely that prices of potatoes will decline less than usual from now until the fall months.—*The Vegetable Situation, B. A. E., U. S. Department of Agriculture.*

"We must consider * * * not merely how to produce, but also how production affects the producer."—*Theodore Roosevelt.*

FARM BUYING POWER GOES UP AND DOWN

Year	Average wholesale price of double wagon	Number bales of cotton needed to buy double wagon	Number bushels of wheat needed to buy double wagon	Number bushels of corn needed to buy double wagon	Number 200-pound hogs needed to buy double wagon
1913.....	\$60.66	0.97	77	97	4.1
1914.....	60.66	1.44	69	86	4.1
1921.....	118.27	2.07	106	212	7.6
1922.....	100.80	.97	104	170	6.0
1923.....	111.05	.79	117	140	7.8
1924.....	111.15	.93	97	121	7.5
1925.....	96.90	.93	66	99	4.5
1926.....	103.07	1.54	80	148	4.4
1927.....	103.07	1.15	86	133	5.4
1928.....	103.07	1.14	97	119	6.1
1929.....	94.24	1.08	90	109	5.0
1930.....	93.83	1.81	125	122	5.3
1931.....	86.60	2.83	203	176	7.4
1932.....	79.19	2.61	210	287	11.5
1933.....	78.97	1.82	121	220	11.2
1934.....	81.31	1.32	99	131	9.7
1935.....	81.28	1.45	97	106	4.9
1936.....	82.24	1.35	84	106	4.4
1937.....	90.77	2.09	88	98	4.8

Crop Reporting Board, Bureau of Agricultural Economics, U. S. Department of Agriculture.

The amount of land being brought into crop production through irrigation on Federal reclamation projects is relatively insignificant. In 1936, after 30 years of such projects, the total land in crops receiving water from works constructed by the United States Bureau of Reclamation totaled only 2,901,919 acres. Moreover, this figure includes not only the lands that are actually a part of Federal reclamation projects, but also privately owned lands not in reclamation projects but which use water purchased from Federal storage reservoirs. The 2,901,919 acres may be compared with the more than 340,000,000 acres harvested in the United States during 1937.

As far as the future is concerned, the Bureau of Reclamation estimates that by 1948 less than 1,000,000 acres of additional lands will have been brought under irrigation by Federal reclamation projects now under construction or which have been under construction during the past 4 years. None of the projects authorized by Congress, construction of which has yet to be undertaken, plans to bring in new lands.

The Grand Coulee Dam, the largest of the projects on which the Federal Government is working, is not expected to irrigate its first unit before 1943, while it will probably be 1964 before the ultimate irrigable area of 1,200,000 acres is brought under irrigation. Like a number of other large projects, the Grand Coulee Dam is a "multiple-purpose" project. Besides irrigating land, it will provide power, help to control floods, and improve navigation on the Columbia River.

As a rule approximately 70 percent of the acres cropped on all Federal reclamation projects are in hay

and forage of which only around 1 percent consists of corn fodder. Moreover, a typical report on this subject shows that of the 20 percent usually planted to cereals only around 5 percent goes into corn and about 6 percent into wheat.—U. S. Department of Agriculture Correspondence.

The trend in cattle production in the North Central States indicates that range cattlemen will have a steadier market and a more stable price for their feeder cattle as a result of adjustment of corn production in the Corn Belt. The adjustment in acreage has not resulted in increased cattle numbers in the Corn Belt.

Corn Belt Cattle Million Less Than During 1934 Peak.

Cattle numbers in the North Central States are still more than 4 million less than the peak in 1934. In the liquidation of cattle numbers resulting from the droughts of 1934 and 1936, nearly half the decrease was in the North Central States of Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin.

On January 1, 1934, the total number of cattle in the United States was 74,262,000 compared with 65,930,000 on January 1, 1938. Of the total of 8,332,000 decrease, more than half, 4,354,000, was in the North Central States. Last year there was an increase of only 1,000 head in the North Central States, and present numbers are still 4,353,000 less than the 1934 peak in these States.—A. A. A. Weekly Press Release No. 162-8.

United States lard is recovering its prominent position in the British market, following the losses resulting from the American droughts of 1934 and 1936. During recent months only the United States, Canada, and Argentina have supplied significant quantities of lard to the British market. British imports of United States lard in the first 3 months of 1938 represented 78.5 percent of imports from all sources against 28 percent in the first quarter of 1937 and 39.2 percent in 1936.—Foreign Crops and Market, B. A. E., U. S. Department of Agriculture.

In the 12 months ended on April 1 exports by the United States to the 16 trade-agreement countries increased 68.6 percent over the average for the calendar years 1934 and 1935, compared with an increase of only 50.5 percent in the export trade with nonagreement countries, the Department of Commerce reported yesterday.—U. S. Department of Agriculture Daily Digest.

The United States is now exporting over 300 times as much corn and over 8,000 times as much wheat as it is importing.—A. A. A. Weekly Press Release.

Why do Corn Belt farmers need a farm program? The answer is that they produced a big corn crop last year and, because of the droughts of 1934 and 1936, there are 12 million head fewer than the usual numbers of livestock to eat it. On April 1 over a billion bushels of last year's corn crop was still in the farm cribs. This was nearly 300 million bushels above average. The corn carry-over next October 1 is expected to be twice the average.

The sober fact is that, with ordinary weather and no farm program, the corn surplus might go up to the highest in history. The result would be a threat of painfully low corn prices. The break of livestock values that always follows a corn price collapse would be just around the corner.

For the sake of the consumer, we are glad that the ever-normal granary for corn is now full. But in order that the ever-normal granary may prove to be a permanent benefit to consumers, it is essential that farmers show their ability to control the overflow.

Every Corn Belt farmer decides for himself whether or not he will take part. If he does take part and plants his crops in line with his allotment, the farmer can assure himself definite payments. He can assure himself that he will avoid the waste of soil that comes from producing soil-depleting crops that are not needed. The payment to the farmer is intended to make up for his sacrifice in adjusting his acreage. If the farmer thinks he cannot keep within his allotment he will still be eligible to receive some payment if he does not exceed his allotment too much. Taking part in the program is a good business proposition for him as an individual as well as for the Corn Belt and the whole country.—*The Corn Program and What It Means to Business, Secretary Wallace.*

In an address recently delivered by one of the officials of a large packing company he dealt with the decline in our share of the foreign beef market, and this has led me to look up that episode. By 1901 our beef exports reached a peak, most of it going to the United Kingdom. In the United Kingdom we had been supplying about 90 percent of the imports of fresh and frozen beef in the early 1890's, but by 1900 this share had fallen to 70 percent due to increasing imports from Australia, New Zealand, and the Argentine. By 1904, Argentine shipments to the United Kingdom advanced so rapidly that our share in the British beef market fell to 55 percent. Our packers not wishing to lose their British customers determined to invest in the Argentine and participate in the expansion of foreign production competing with our own. Swift & Co. began operations there in 1904; Wilson & Co. in 1905;

and Armour & Co. in 1911. By 1913 we were practically out of the foreign beef market, and practically the entire imports into the United Kingdom came primarily from the Argentine and in part from Australia, New Zealand, and other countries. Our packers thus transferred American capital to South America and participated in the building up of the Argentine meat packing business.

In some respect, the similarity between this bit of foreign trade history and what is going on now in cotton is obvious. There are, however, important differences, and among them is that the loss of the beef export market was offset by an expanding domestic market. Our population was then expanding at least twice as much as it is doing now. Our birth rate was then not declining and hundreds of thousands of new consumers, immigrants, arrived annually. Cotton does not now enjoy such advantages in the domestic market as offsets to the decline in exports; nevertheless it has competitive advantages which beef apparently did not have.

I cite this episode in beef exports not as a dire implication of a still further decline in our share of the foreign cotton markets, but rather as a suggestion of the fact that the cotton problems must be viewed in terms of dynamic shifts in the world trade. These shifts have been going on for years. They have been facilitated by our willingness to share with the rest of the world the fruits of our technological progress such as farm machinery, and the fruits of our agricultural research, such as improved seeds and other cultural practices. They have been facilitated by the free flow of our capital and our managerial and technical talent. And finally they have been promoted by an ever increasing amount of world-wide governmental interference with economic activity. It is in this setting and not in the laissez-faire hope of the efficacy of larger volume at low prices that a progressive solution of our cotton export problem must be found.—*L. H. Bean, Economic Adviser to Secretary of Agriculture.*

United States imports have declined sharply in recent months. The value of imports in March were 40 percent lower than in March 1937. Imports of several raw materials were only a fraction of the volume brought in a year ago. Wool imports in March, for example, were only 8 percent—and imports of hides were less than 25 percent—of the March 1937 volume. This rapid drop in United States imports for a full 12 months has curtailed the purchasing power of foreign countries, and the value of all United States export sales has declined considerably since the recent peak in October.—*The Demand and Price Situation, B. A. E., U. S. Department of Agriculture.*